

51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

TRANSCANNA HOLDINGS INC. (the “Company”)
2489 Bellevue Ave, West Vancouver
British Columbia V7V 1E1

Item 2 **Date of Material Change**

September 14, 2021

Item 3 **News Release**

The news release was disseminated by Newsfile on September 15, 2021.

Item 4 **Summary of Material Change**

The Company announced closing \$1.16 Million non-brokered convertible debenture financing.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

The Company is pleased to announce that it has closed a non-brokered private placement (the “**Offering**”) of 12% unsecured convertible debentures (the “**Convertible Debentures**”) for total gross proceeds of \$1,156,000 at a price of \$1,000 per Convertible Debenture.

The proceeds of the Offering will be used for general working capital purposes, and more specifically to fast-track new operations coming online at the Company’s recently completed Daly Facility.

“This capital enables us to hire key personnel, facilitate our expansion into new business segments, and bolster our retail footprint in markets like Southern California,” said Bob Blink, TransCanna CEO. “It’s a strategic raise in order to keep our business moving forward at a competitive pace.”

The Convertible Debentures will bear interest at 12% per annum (the “**Interest**”), from the date of issuance (the “**Closing Date**”), payable monthly in arrears on the last calendar day of each month until maturity. The first Interest payment will be made on September 30, 2021 and will consist of interest accrued from and including the Closing Date to September 30, 2021. The Convertible Debentures will mature on the date that is one year from the date of issuance (the “**Maturity Date**”).

The Convertible Debentures are convertible, at the option of the holder, into units (the “**Units**”) at a conversion price of \$0.85 per Unit, at any time prior to the Maturity Date, subject to adjustment. Each Unit consists of one (1) common share in the capital of the Company (each, a “**Share**”) and one (1) common share purchase warrant (a “**Warrant**”). Each Warrant shall entitle the holder to purchase one additional common share (a “**Warrant Share**”) at a price of \$1.00 for a period of two years from the Closing Date.

The Company may prepay, in cash, any or all of the Convertible Debentures at any time prior to the Maturity Date for an amount equal to the principal amount of the Convertible Debentures then outstanding plus any accrued but unpaid Interest. At maturity the holders may elect to be repaid the principal amount and all accrued interest in cash or Units at the Conversion Price, and in the absence of any such election, in Units.

No new insiders were created, nor were there any changes of control as a result of the Offering; however, the Offering constituted a related party transaction within the meaning of Multilateral Instrument 61-101 ("MI 61-101") as certain insiders of the Company subscribed for an aggregate of 300 Convertible Debentures pursuant to the Offering. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves the related parties, exceed 25% of the market capitalization of the Company. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances in order to complete the Offering in an expeditious manner.

Finder's commissions in the amount of \$68,100 were paid to eligible persons in connection with the Offering.

The Offering is subject to the approval of the Canadian Securities Exchange ("CSE"). The Convertible Debentures and the Units (including the Shares and Warrant Shares) issuable upon conversion of the Convertible Debentures will be subject to a statutory hold period expiring on the date that is four months and one day after the Closing Date.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Officer

Stephanie Wesik, President

Item 9

Date of Report

September 16, 2021